



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván
Jim Shannon

SUBJECT: See Below

DATE: April 1, 2025

Approved

Date:

4/8/25

COUNCIL DISTRICT: Citywide

SUBJECT: Actions Related to the Homelessness Prevention System Program Funding Agreement with the County of Santa Clara’s Office of Supportive Housing

RECOMMENDATION

- (a) Adopt a resolution authorizing the Housing Director, or his designee, to negotiate and execute an amendment to a grant agreement with the County of Santa Clara’s Office of Supportive Housing to increase grant funding for the Homelessness Prevention System program in an amount not to exceed \$3,000,000, retroactive from July 1, 2024, to June 30, 2025.
- (b) Adopt the following 2024-2025 Appropriation Ordinance amendments in the Real Property Transfer Tax Fund:
 - (1) Decrease the Measure E – 10% Homeless Prevention and Rental Assistance Reserve by \$2,000,000; and
 - (2) Increase the Measure E – Rental Assistance (10% Homeless Prevention and Rental Assistance) appropriation to the Housing Department by \$2,000,000.

SUMMARY AND OUTCOME

Staff recommends authorizing the Housing Director, or his designee, to amend an existing grant agreement with the County of Santa Clara Office of Supportive Housing (County) to allocate the remaining \$3,000,000 to the Homelessness Prevention System (HPS) program, thus completing the City’s investment of \$7,500,000. The completed funding will enhance the City and County efforts to prevent homelessness by expanding HPS’s program capacity to assist San José households at risk of homelessness.

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The recommendation in this memorandum aligns with the City's strategic priorities and the County's Community Plan to End Homelessness by taking measures to stabilize housing and prevent displacement¹. The recommendation also reflects the City's commitment to leveraging resources with the County for homelessness prevention and aligns with previous City Council actions supporting funding for housing stabilization programs.

BACKGROUND

In early 2024, the Housing Department and the County partnered and agreed on a total investment of \$7,500,000 for homelessness prevention efforts, focusing this investment within the HPS program. The HPS program is designed to prevent homelessness by providing financial assistance, case management, and supportive services to low-income households at risk of homelessness. The County oversees the program administration and works with a designated subcontractor with the goal of serving 900 unduplicated households in the City of San José.

On June 18, 2024, City Council approved the initial allocation of \$4,500,000 to support the HPS program as a broader set of grant agreements for homelessness programs in Fiscal Year 2024-2025². When City Council approved this action, \$4,500,000 in Measure E funds were available, with an understanding between the City's Housing Department and the County that the agreement would be amended to increase funding when the remaining funds were identified. The Housing Department has since identified sufficient available funding within the Real Property Transfer Tax Fund (Measure E) and within the Housing Trust Fund.

As part of the 2024-2025 Mid-Year Budget Review, \$2.6 million in Measure E funds was returned to the 10% Homeless Prevention and Rental Assistance Reserve by reallocating remaining funding from the Measure E – Guadalupe River Park Housing Support (10% Homeless Prevention and Rental Assistance) appropriation that was previously created to help comply with the Federal Aviation Administration order to clear the airport approach area of the Guadalupe River Park, and ensure that the Guadalupe River trail remains open and safe to the public. The Housing Department conducted an internal audit and determined that these remaining funds were no longer needed and can be redeployed for another purpose, such as the HPS program. Further, after the

¹ County of Santa Clara, 2020-2025 Community Plan to End Homelessness. Web Link:

https://files.santaclaracounty.gov/exjcpb1571/2024-11/communityplan_2020-2025.pdf?VersionId=3LCV7VHf9hdsOh05UsQncuA6JEUMXmbj

² Item #: 2.23, File #: 24-147329, Date: June 18, 2024, Title: Actions Related to Grant Agreements for Multiple Programs Serving Households Experiencing Homelessness in Fiscal Year 2024-2025. Web Link:

<https://sanjoseca.primegov.com/Portal/viewer?id=0&type=7&uid=a353b9e7-22ea-4987-9e03-f7688fbd03e3>

close of Fiscal Year 2023-2024 and a final reconciliation, an amount of \$1.0 million in the Housing Trust Fund is also available to support the HPS program.

ANALYSIS

Approving funding for HPS will allow the program to fulfill service to 900 unduplicated households, directly impacting the number of at-risk households receiving homelessness prevention services. Given the demand for these services, the additional funds are critical for the HPS program to operate at full capacity and prevent service gaps. The table below summarizes the average financial assistance expected for the program participant households.

Table – Average Financial Assistance to Remain Stably Housed

Number of San José Households Served	Average Household Assistance per Year	Total
900*	\$7,000**	\$6,300,000

*The 900 households served through the City’s agreement with the County represent only a portion of the total number of San José households supported by the countywide HPS program. The remaining San José households are supported through County funds.

**The amount of \$7,000 per year is the average financial assistance provided to households to keep them stably housed. The total actual cost to serve each household, including personnel and program administration is approximately \$15,500 per household.

The remaining funds will be used to resource the number of households HPS can serve. As a key partner in the countywide HPS program, the City’s investment is crucial to maximizing the number of San José residents who receive support. Allocating the remaining \$3,000,000 will ensure the HPS program operates as planned.

Although City funds are leveraged alongside the County’s contribution to support the HPS program, the City’s current level of investment is lower than the proportion of San José households served. Approximately 70% of households served by the countywide program are from the City of San José.

EVALUATION AND FOLLOW-UP

If approved, the Housing Department will amend the grant agreement with the County to add the remaining \$3,000,000 for the HPS program. The Housing Department’s Grants Management Team and Homelessness Response Data Team will oversee program

implementation and track key performance metrics, including the number of households served, the effectiveness of services, and overall program outcomes.

COST SUMMARY/IMPLICATIONS

1. AMENDED PROGRAM BUDGET BREAKDOWN:

Salaries and Fringe Benefits	\$1,000,000
Direct Client Assistance	\$6,400,000
Indirect Costs	\$100,000
Total Project Costs	\$7,500,000

2. HOMELESSNESS PREVENTION SYSTEM – TOTAL BUDGET (FY 2024-2025):

County of Santa Clara Investment	\$20,822,500*
City of San José Investment	\$7,500,000
Total HPS Investment	\$28,322,500

*The County’s total investment includes a \$4,500,000 contribution from Destination: Home.

3. SOURCE OF FUNDING FOR AMENDMENT:

Real Property Transfer Tax Fund (\$2,000,000); Housing Trust Fund: \$1,000,000

4. FISCAL IMPACT:

The actions recommended in this memorandum will enable the Housing Department’s efforts to stabilize housing for more households and strengthen the City’s broader strategic efforts to prevent homelessness in San José.

BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the grant agreements recommended as part of this memorandum.

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with the County of Santa Clara's Office of Supportive Housing**

Fund #	Appn #	Appropriation Name	Current Total Appropriation	Rec. Budget Action	Amt. for Contract	2024-2025 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
404	8747	Measure E - 10% Homeless Prevention and Rental Assistance Reserve	\$4,429,558	(\$2,000,000)	\$0	1007	2/11/2025, 31176
404	214D	Measure E - Rental Assistance (10% HPRA)	\$4,500,419	\$2,000,000	\$2,000,000	1006	10/22/24, 31133
440	2453	Housing and Homeless Projects	\$1,918,400	\$0	\$1,000,000	974	10/22/24, 31133

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the April 22, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

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/s/

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The principal author of this memorandum is Annette Tran, Interim Senior Development Officer, Housing Department. For questions, please contact Cupid Alexander, Deputy Director, Housing Department at cupid.alexander@sanjoseca.gov.